



**STATE OF WASHINGTON  
GAMBLING COMMISSION**

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November 1, 2004

TO: Rick Day, Director

FROM: Agency Rules Team

SUBJECT: Request for Rule Change

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Dolores Chiechi, on behalf of the Recreational Gaming Association, submitted a Petition to amend WAC 230-40-610 which sets operating restrictions for poker games offering player-supported jackpots (PSJ).

Currently, the rule limits the PSJ cash prize payout to \$500. Prize amounts not awarded in cash are paid within twenty-four hours, by check. The check may not be cashed on the licensed premises.

The petitioner requests:

- The amount of cash allowed to be paid out for a PSJ prize be increased from \$500 to \$2500; and
- Players be allowed to cash a PSJ prize check on the licensed premises.

According to Ms. Chiechi, if a player wins a PSJ prize and wants to continue to play using the PSJ prize won, the player is limited to the \$500 cash payout. Increasing the cash payout would enable players the choice to continue to play by accessing the prize money won. Also, by lifting the restrictions and allowing the player to cash the PSJ check on the licensed premises, the player will be able to access the winnings on the day the check was issued. Ms. Chiechi said casinos are required to have adequate check cashing procedures and surveillance cameras recording customer transactions at the cashier's cage. Although this is true for facilities with house-banked card games, it is not required for a Class F licensee.

During the September Commission Meeting, George Teeney said this issue has been a particular problem for players on weekends. Players are prevented from playing because it is difficult to cash checks at other locations and the players incur check cashing fees.

The Petitioner's proposed rule change was filed for further discussion at the September Commission meeting. Dolores Chiechi and Monty Harmon attended the September 13, 2004, Rules Team meeting to clarify their position to staff.

### **History:**

Controls were included in this rule to ensure accountability of funds collected for use in a PSJ. The licensee is required to maintain a bank account separate from all other accounts for holding PSJ funds. The licensee acts only as the custodian of the PSJ funds. These funds are collected from the players and returned to players as prizes:

- When a player wins a PSJ, the player is awarded \$500 in cash and receives the remainder by check within 24 hours. This allows time to review the tape of the winning hand prior to paying the prize. The \$500 amount was arbitrarily decided on during the card room enhancement program.
- The licensee's prize fund custodian issues a check from the PSJ account, the type that provides a duplicate copy. This provides a paper trail for the transaction. Licensees are required to designate a Prize Fund Custodian who is responsible for safeguarding and disbursing funds to the winners. The 24 hour period gives the Prize Fund Custodian time to prepare the check.
- The player may not cash the PSJ check at the card room where the check was issued. This provides a third party, independent from the casino, to identify the person cashing the check.

### **Regulatory Issues:**

- If the PSJ cash prize payout were increased from \$500 to \$2500, it may be more difficult for staff to determine if a PSJ prize less than \$2500 is awarded to a legitimate player because there would be less of a paper trail for the PSJ prize awarded. Dolores is asking for clarification on what we mean by less of a paper trail. She is not requesting a change to record keeping requirements in subsection 5(b). Prizes over \$100 will still require a prize record, so there is no less of a paper trail. I reminded her there would be no check available, but she notes there will still be a paper trail as required in subsection 5(b) and she'd like clarification on what exactly we mean.
- Staff believes that other required controls regarding check cashing are sufficient enough for allowing players to cash checks on premises. The rules currently require a prize record to be maintained, which includes the type of identification reviewed by the dealer and the supervisor.

### **Problem Gambling:**

Special Agent Bill Kesel contacted Gary Hansen from the Washington State Council on Problem Gambling and asked for comments on this rule proposal. Mr. Hansen indicated that his focus is on the people and he wants to remain a neutral party and therefore, did not want to comment on the petition.

### **Recommendation:**

Staff has no objections to the proposed rule changes increasing the PSJ cash prize payout from \$500 to \$2500, and allowing operators to cash the PSJ prize check on the licensed premises.